

# **Request for Proposals for Combined Heat and Power Projects**

***Issued by the Maine Public Utilities Commission  
December 1, 2022***

## **1. Background**

The Maine Public Utilities Commission (Commission) is seeking proposals from qualifying combined heat and power projects for the sale of energy, capacity, or renewable energy credits (RECs). To be a qualifying combined heat and power project, a generation facility must meet the requirements of Section 3 of [Public Law 2021, chapter 604](#).

During its 2022 session, the Maine Legislature enacted An Act To Establish a Wood-fired Combined Heat and Power Program. P.L. 2021, chapter 604 (Act). The Act directs the Commission to administer the Combined Heat and Power Program in order to encourage the development of combined heat and power projects in the State that will promote the climate action plan developed pursuant to [38 M.R.S. § 577\(1\)](#). The Act allows the Commission to direct an investor-owned transmission and distribution utility to enter into long-term contracts with one or more eligible projects for energy, capacity resources, or renewable energy credits. The Act sets limits on the program, including capping the net generating capacity of a project to no less than 3 megawatts (MW) and no more than 10 MW, and capping the total net generating capacity of all projects to no more than 20 MW in any hour. The Act also sets forth additional parameters and requirements, including specific evaluation criteria and weighting factors for project selection pursuant to this RFP process.

**Proposals in response to this RFP must be submitted by 11:59 PM on March 3, 2023.**

Bidders selected will enter into contract(s) with one or both of Maine's investor-owned transmission and distribution utilities - Central Maine Power Company (CMP) and Versant Power (VP) (T&D utilities). A contract may be for a term of any length up to 20 years.

Additional information about this RFP, including a copy of the Act, the standard form contract and instructions for submitting bids is available at:

<https://www.maine.gov/mpuc/regulated-utilities/electricity/rfp-awarded-contracts/combined-heat-power>

## **2. Qualifications and Evaluation Criteria**

### **2.1 Qualifying Project**

To participate in this RFP, a project must meet the eligibility requirements specified in the Act. Specifically, a project must be a combined heat and power project, which is defined as a facility that uses wood fuel to generate electric heat and power that is used for industrial or space heating purposes. Wood fuel is defined as biomass derived from: (1) forest products manufacturing residuals, including, but not limited to, mill chips, sawdust, bark, shavings and fines; (2) harvest residues, including trees or portions of harvested trees that are too small or of too poor quality to be used for wood products; or (3) downed trees from weather events and natural disasters, nonhazardous landscape or

right-of-way trimmings, and plant material removed for purposes of invasive species control.

Additionally, the Act specifies that to be eligible to participate in the program a combined heat and power project must be connected to the electric grid of this State; have an in-service date after November 1, 2022; satisfy the limits on net generating capacity of no less than 3 MW and no more than 10 MW in any hour; be highly efficient, as determined by the Commission; and not be a participant in net energy billing under [35-A M.R.S. §§ 3209-A](#) or [3209-B](#).

## **2.2 Evaluation Standards and Considerations**

Proposals will be evaluated based upon the requirements and objectives stated in the Act and within this RFP. Specifically, bids will be evaluated as follows.

1. A weight of 30% will be given to the combined efficiency of the electricity generation and heat utilization of the project;
2. A weight of 40% will be given to the total cost of the project;
3. A weight of 30% will be given to the following factors:
  - a. The design of the project to meet the State's waste reduction and diversion priorities established by [38 M.R.S. § 2101](#), including but not limited to, the proximity of the projects to wood fuel derived from forest products manufacturing residuals;
  - b. The location of the project and whether electricity generated will meet a demand for that electricity;
  - c. The net greenhouse gas emissions from the project, as determined in consultation with the Maine Department of Environmental Protection;
  - d. The economic impact to the State from the project, including, but not limited to, jobs created and maintained by the project in wood fuel supply, at the generating facility and at the facility using heat generated by the facility;
  - e. Whether the generation of electricity most effectively accounts for the changing seasonal time of day and other electricity characteristics associated with beneficial electrification as defined in [35-A M.R.S. § 10102\(3-A\)](#) over the duration of the contract; and
  - f. The effect on other Class I and Class IA resources, as defined in [35-A M.R.S. § 3210\(2\)](#).

A project must provide documentation and support for the attributes above including the amount of value to the Maine economy the project purports to provide. In selecting

among proposals, the Commission will evaluate the bid proposals using the scoring weights noted above and select those proposals that are in the public interest. Selected projects will be required to submit annual reports validating achievement of these attributes, and as detailed in section 3.4, may be subject to a price reduction for failure to realize claimed attributes.

**Notwithstanding the requirement that proposals include a quantification of the economic impact of a project, the Commission will independently assess and quantify those economic impacts.**

Acceptance of any proposal will be determined by the Commission based upon the requirements of the Act and this RFP and the Commission's statutory public interest obligations. In making its determinations, the Commission and Commission Staff may consult with the T&D utilities, Maine's Office of the Public Advocate (OPA), the Maine Department of Economic and Community Development (DECD), and the Maine Department of Environmental Protection (DEP).

The Commission may accept or reject any proposal, or it may reject all proposals, based on its assessment of whether a proposal meets the requirements of the Act and this RFP; satisfies applicable statutory policies and objectives; is within the applicable contracting authority; and conforms with generally accepted business practices.

### **3. Proposal Requirements**

#### **3.1 Form of Product**

Proposals should be for the sale of energy, capacity, or RECs from a combined heat power project through a contract with one of the T&D utilities.

***Preference will be given to proposals for the sale of energy.***

#### **3.2 Contract**

A standard form Qualifying Combined Heat and Power Project Purchase and Sale Agreement will be posted at the RFP website.

Bidders who seek modification of terms set forth in the standard contract should designate such modifications in their proposals. The Commission reserves the right to reject such modifications.

#### **3.3 Cost Containment**

The contract price may not exceed 10 cents per kilowatt-hour.

#### **3.4 Reporting and Contract Price Adjustment**

Consistent with section 2.2, contracts resulting from the procurement will include a

process under which the project will provide information to allow the Commission to verify on an annual basis that the claimed non-price evaluation attributes are realized by the project. Projects will be required to submit annual reports to the Commission documenting their performance. Bidders may include in their proposal a proposed process to accomplish this verification.

The actual performance of the project against the claimed attributes will be evaluated on an annual basis following each year of the contract term. If, in its annual review of the project's performance, the Commission finds the claimed attributes are not achieved, the Commission may reduce the contract price in the next subsequent year by a percentage proportional to the project's performance against claimed attributes, but not to exceed an overall 30% reduction in any year.

### **3.5 Contract Term**

The term of the contract may be of any duration up to twenty (20) years. Bidders should include a proposed duration and starting date for the contract term.

### **3.6 Firm and Final Bids; Supplemental Proposal Information**

Proposals and pricing submitted are firm and final bids and will be binding on the bidder. Changes to proposals will not be accepted after the submission of bids except to the extent requested by the Commission. The Commission reserves the right to ask bidders to provide additional information related to any aspect of a proposal, or to clarify, correct or amend a proposal.

### **3.7 Confidentiality**

A bidder may designate information included in its proposal as proprietary or confidential information. The Commission will take every reasonable step, consistent with law, to protect information that is clearly identified as proprietary or confidential on the page on which it appears. Protected information may be made available to the T&D utilities, the OPA, DECD and/or the DEP, under appropriate protective order and non-disclosure agreements. The identity of winning bidders and general information about proposals selected will become public at the time of the Commission's decision. The contracts and associated prices of selected proposals will ultimately become public; however, such information may be withheld for a period of time at the request of the bidder.

## **4. Proposal Content Requirements**

Bidders shall include an affidavit warranting the completeness and accuracy of the material provided and attesting that the proposal was prepared independently and without collusion or any other action taken to restrain free, competitive bidding and the terms of the proposal are commercially reasonable. The affidavit shall be substantially in the form provided on the RFP website.

Submission of the required affidavit does not restrict the Commission from otherwise finding that the solicitation process or resulting bids are not in the public interest.

#### **4.1 Project Information**

1. Proposals should include a description of the facility, including its eligibility as a combined heat and power project as defined in the Act. Proposals should also demonstrate how the net generation of the facility will be measured;
2. Proposals should include the projected in-service date and expected monthly net energy or net REC output for each year of the contract term. If capacity is proposed to be included, the proposal should also provide estimated capacity quantities for each month of the term;
3. Proposals should include detailed information about the location of the facility, as well as the interconnection point. For facilities in ISO-NE, proposals should include the applicable ISO-NE pricing node, or if a pricing node has not been established, the closest proxy pricing node;
4. To the extent capacity is included in the bid, proposals should include details of the facility's Forward Capacity Market supply obligation and/or qualification as a capacity resource in the ISO-NE or NMISA region; and
5. As detailed in Section 2.2 of this RFP, proposal should:
  - a. Include the necessary information to assess the efficiency of the electricity generation and heat utilization of the project as well as documentation showing the project is highly efficient as required by the Act. This must include an assessment completed by a professional engineer;
  - b. Include detailed information about how the design of the project will meet the State's waste reduction and diversion priorities;
  - c. Detail how the electricity generated from the project will meet a demand for that electricity;
  - d. Include the calculated net greenhouse gas emissions from the project, which will also be independently determined by the Commission in consultation with the DEP;
  - e. Include detailed and specific information about, and a quantification of the value of the impacts to the Maine economy as specified in 2.2 of this RFP. Proposals should include a description of the types and quantification methodologies used to measure the impacts to the Maine economy and complete supporting documentation for the quantification and the quantification methodologies;

- f. Detail how the generation of electricity from the project will account for the changing seasonal time of day and other electricity characteristics associated with beneficial electrification over the duration of the contract; and
- g. Detail the effects of the project on other Class I and Class IA resources.

## **4.2 Corporate Structure, Financial and Technical Capability, Customer Affiliation**

Proposals should include information and supporting documents describing the corporate structure and ownership of the facility; information sufficient to demonstrate the financial capability of the facility owner and operator, including audited financial statements of the facility owner and corporate parent and current credit agency rating reports (if applicable); and information and documentation demonstrating the technical experience of the facility owner and operator.

Proposal should also identify any affiliation with a Maine retail electricity customer that receives service at transmission or sub-transmission voltage.

## **4.3 Product Quantities and Pricing**

Proposals should include the quantities (or quantity caps) and prices for energy or RECs, as applicable, and, if included, capacity, for each year of the term. Pricing should be a firm and final bid. All contingencies associated with a proposal and/or pricing should be clearly indicated. To the extent any contingency identified by a bidder would affect the proposed pricing, the contingency must be resolved prior to any award by the Commission or the proposal must include a limit or cap on the amount the price may be increased.

## **4.4 Required Documents**

In addition to the information provided in response to sections 4.1 to 4.3 of this RFP, proposals must include the following documents.

- 1) A completed **CHP Proposal Information Form**;
- 2) Expected output profile of the project's net generating capacity on an hourly basis (**CHP 8760 Form**);
- 3) An **affidavit** warranting the completeness and accuracy of the material provided and attesting that the proposal was prepared independently and without collusion or any other action taken to restrain free, competitive bidding and the terms of the proposal are commercially reasonable. The affidavit shall be substantially in the form provided on the RFP webpage. Submission of the required affidavit does not restrict the Commission from otherwise finding that the solicitation process or resulting bids are not competitive.

Form templates are available on the RFP webpage.

## **5. RFP Process**

### **5.1 Overview of Process; Schedule**

***Proposals are due on or before 11:59 PM on March 3, 2023.***

Instructions for submitting proposals will be posted to the RFP website.

The Commission Staff will review all proposals; may ask for supplemental and/or clarifying information from bidders; may propose modifications to the proposed pricing or structure of the bid; and/or may propose changes to the requested modifications to the standard form Agreement. Bidders may accept or reject any modifications proposed by Commission Staff.

The Commission reserves the right to revise, suspend, or terminate the RFP at its sole discretion. In such event, the Commission will inform all bidders as soon as reasonably possible.

### **5.2 RFP Documents and Information; Contact Persons**

The RFP and all related documents and information are available on the RFP Website at: <https://www.maine.gov/mpuc/regulated-utilities/electricity/rfp-awarded-contracts/combined-heat-power>

All changes and supplements to the RFP and related materials will be posted to the RFP Website. Bidders are responsible to obtain these updates and additions.

The RFP Contact Person is:

Sally Zeh  
Director, Electric and Gas Division  
Maine Public Utilities Commission  
Email: [sally.zeh@maine.gov](mailto:sally.zeh@maine.gov)

Bidders may submit questions or request additional information by contacting the RFP Contact Person. To the extent bidder inquiries elicit generally applicable information or corrections/clarifications to existing information, such information may be posted to the RFP Website. Bidder questions, information requests and the associated responses will not otherwise be made generally available.

The Commission will endeavor to respond to all questions and information requests, but it is under no obligation to do so.



## **6. General**

### **6.1 Proposals**

Proposals are binding on the bidder and must be submitted in accordance with this RFP or as otherwise specified by the Commission. The Commission reserves the right to seek clarification and request additional information, documentation and other material related to the proposals. Failure to provide any such items within the timeframes requested may result in disqualification.

### **6.2 Proprietary Information**

A bidder may designate information included in its proposal as proprietary or confidential information. The Commission will take every reasonable step, consistent with law, to protect information that is clearly identified as proprietary or confidential on the page on which it appears. Protected information may be made available to the T&D utilities, the OPA, DECD and DEP. The identity of bidders and projects, and the associated prices and contracts, for proposals chosen in this process will become public information.

### **6.3 Proposal Costs**

All costs associated with developing and submitting a proposal in response to this RFP and providing oral or written clarification of its contents are borne by the bidder.

### **6.4 Rights of the Commission**

The Commission may accept or reject any proposal, or it may reject all proposals, based on its assessment of whether a proposal meets the requirements of the RFP, satisfies the applicable statutory policies and objectives, is within the contracting authority of the Commission, and conforms with generally accepted business practices.

The Commission reserves the right to withdraw or modify the RFP at any time and to propose modifications to the bids.

The type(s) and amounts of energy or RECs awarded pursuant to this RFP will be determined by the Commission consistent with applicable laws and rules, the provisions of this RFP and the Commission's statutory public interest obligations.

The Commission shall not be responsible or liable in any manner for risks, costs, expenses, or other damages incurred by any bidder or other entity involved, directly or indirectly, with this RFP.

### **6.5 State Held Harmless**

The State of Maine, its officers, agents, and employees, including the Maine Public Utilities Commission, Commissioners and the employees or agents of the Maine Public Utilities Commission shall be held harmless from any and all claims, costs, expenses,

injuries, liabilities, losses and damages of every kind and description resulting from or arising out of this RFP.

## **6.6 Warranty**

The information contained in the RFP and provided subsequently is prepared to assist bidders and does not purport to contain all of the information that may be relevant to bidders. The Commission makes no representation or warranty, expressed or implied, as to the accuracy or completeness of the information. The Commission, its staff and its agents shall not have any liability for any representations expressed or implied in, or any omissions from, the RFP or information obtained by bidders from the Commission, its staff, its agents or any other source.